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AGENDA ITEM # 3886

WATER/SNR/MXK/HJL:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION  
Water Branch

RESOLUTION NO. W-4500  
September 23, 2004

**R E S O L U T I O N**

**(RES. W-4500), DEL ORO WATER COMPANY, PARADISE PINES DISTRICT (DOWCPP). ORDER AUTHORIZING A ONE-TIME WATER QUANTITY SURCHARGE PRODUCING AN INCREASE IN REVENUE OF \$5,842 OR 0.46% TO OFFSET COSTS OF PURCHASED WATER.**

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**SUMMARY**

By Advice Letter No. 128, filed February 11, 2004, DOWCPP seeks to collect a quantity surcharge for purchased water. This resolution grants DOWCPP's request for authority to collect a one-time surcharge of \$1.26 from each customer. This increase will not result in earnings in excess of the authorized rate of return.

**BACKGROUND**

DOWCPP is a corporation providing water service to an area known as Fir Haven Subdivision, Sierra Del Oro Subdivisions, Paradise Pines Subdivisions, and vicinity, located approximately 6 miles north of Paradise, Butte County. DOWCPP serves approximately 4,628-metered rate connections serving approximately 14,000 customers in the service area in and around the community of Paradise Pines, in Butte County.

The present rates became effective on June 6, 2002, pursuant to Res. W-4333, which authorized a general rate increase of \$121,745 or 10.51%.

DOWCPP requested authority under General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to cover the cost of purchased water recorded in the memorandum account that was authorized pursuant to

Res. W-4341. The purchased water was needed to meet the demand of customers during the traditional period of peak demand from June through October 2003. DOWCPP's main source of supply comes from four wells that pump water from two distinct aquifers. The water demand has increased because the utility now has more large water users, such as two schools. The community is gradually changing from a retirement area to a more traditional community. The mix of families in the service area has also changed so that now there are more families with children, and those families tend to use more water.

## **DISCUSSION**

In 2003, as compared to 2002, DOWCPP only imported 22.78 acre-feet at a cost of \$5,842 vs. 80.79 acre-feet at \$38,626 in the prior year. The new well (Well No. 6) has stabilized at a rate of 650 gallons per minute (gpm) which is less than the 1,000 gpm the import intertie is capable of providing.

The district has made concerted efforts in 2003 to perform system leak detection; to improve the efficiency of new Well No. 6; and to evaluate the district's ability to completely eliminate the need for imported water under normal operations.

In 2003, Utility Services Associates (USA) performed a leak detection survey throughout the system. USA will continue to be retained on an annual basis to survey major areas of the DOWCPP as scheduling allows. As in 2003, DOWCPP crews worked along side USA and all confirmed leaks have been addressed.

DOWCPP will continue making a reasonable attempt to improve system efficiency and reduce losses. This may eliminate the need for purchased water in the future.

The Branch analyzed DOWCPP's request, supporting workpapers, and supplementary data, and concurred with DOWCPP's estimates. The authorized rate of return of 9.97% will not be exceeded as a result of this increase.

DOWCPP's present rate structure consists of one schedule: No. PP-1A, Annual General Metered Service.

At the Branch's recommended rates, a one-time surcharge of \$1.26 is added to each customer's bill. At the new rates, metered customer's bill will increase from \$27.09 to \$28.35 for one month.

### **NOTICE AND PROTESTS**

A notice of the proposed rate increase was published in the February 14, 2004 edition of the Paradise Post in Paradise. There were no protests. Service is satisfactory. There are no significant service problems requiring corrective action.

### **COMPLIANCE**

There are no outstanding Commission orders requiring system improvements. The utility has been filing annual reports and its Year 2000 questionnaires as required.

### **FINDINGS**

1. DOWCPP was authorized to establish a memorandum account and record the actual purchased water costs into a memorandum account pursuant to Res. W-4341.
2. DOWCPP will continue making a reasonable attempt to improve system efficiency and reduce losses to eliminate the need for purchased water.
3. DOWCPP purchased 22.78 acre-feet of water in 2003 for a cost of \$5,842.
4. These purchases were reasonable and required to meet summer peak demand.
5. The rates recommended by the Branch are reasonable and should be authorized.
6. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g)(3).

### **THEREFORE IT IS ORDERED THAT:**

1. Del Oro Water Company's Paradise Pines District is authorized to make effective the revised rate Schedule PP-1A, Annual General Metered Service, attached to Advice Letter No. 128 and concurrently to cancel its presently

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effective rate schedule. The effective date of the revised schedule shall be made five days after the date of this resolution.

2. Del Oro Water Company's Paradise Pines District shall continue making a reasonable attempt to improve system efficiency and reduce losses to eliminate the need for purchased water.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 23, 2004; the following Commissioners voting favorably thereon:

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STEVE LARSON  
Executive Director